

6 MAY 1975

MEMORANDUM FOR: Chief, Logistics Services Division, OL

SUBJECT : Cost Effectiveness of Present Requisitioning
Procurement Procedures

REFERENCE : Multiple Adse Memo dtd 17 Apr 75 fm C/LSD/OL,
same subject

1. The referent memorandum and the attachment thereto have been reviewed by this office and admittedly the facts presented and observations made question the cost effectiveness of the General Services Administration (GSA) supply support program. The situation, however, is not surprising. From time to time, procurement officers have noted instances wherein open-market prices for some items are lower than those specified by GSA schedules. Although this is obviously the case for the items on the referent attachment, it should be noted that generally the cost of common-use items, as negotiated by GSA, is less than that which can normally be obtained by individual agencies procuring in the open market.

2. The Federal Property and Administrative Services Act of 1949 as implemented by the Federal Property Management Regulations (Subpart 101-26.3 - Procurement of GSA Stock Items) specifies that all executive agencies shall procure from GSA their requirements of stock items. The GSA Regulations Division interprets this as a mandatory requirement. In addition, the Federal Procurement Regulations (Subpart 1-1.302-1 - General) specifies that prior to taking procurement action, agencies shall comply with laws relative to obtaining supplies or services from government sources which includes GSA stores stock.

3. Although the Federal Property and Administrative Act of 1949 does stipulate that nothing in the Act shall impair or effect any authority of the Central Intelligence Agency and the CIA Act of 1949 provides the Agency with authority to expend funds without regard to provisions of laws and regulations relating to the expenditure of government funds, this stipulation and extraordinary authority is considered applicable only to the Agency's extraordinary responsibilities and does not apply to the acquisition of common-use items such as paper clips, pads, and other stationary supplies.

**SUBJECT: Cost Effectiveness of Present Requisitioning
Procurement Procedures**

4. Unless the Office of General Counsel advises to the contrary, there is, in our opinion, no legal alternative, and the Agency must in these instances comply with established government procurement procedures.



STAT

Chief, Procurement Division, OL

cc: AGC/OL
✓C/P&PS/OL
C/SD/OL
C/B&FB/OL

STAT